

# Committee on Ways and Means

## Child Support Enforcement Provisions in the *Deficit Reduction Act*

### **Background**

The Child Support Enforcement (CSE) program is a federal-state program that provides the following basic services to both welfare and nonwelfare families: parent location, review and modification of child support orders, collection of child support payments, establishment of medical child support, and distribution of child support payments. The federal matching rate for child support administrative expenditures is 66 percent, which is significantly higher than the 50-percent rate applicable to other federal programs, such as foster care, adoption assistance, food stamps and Medicaid.

In addition, the federal government provides incentive payments to states for achieving certain benchmarks in child support programs. When spent, these federal incentive payments are treated as if they were state funds, and thus qualify the state for additional federal matching funds – at a 66 percent rate. A total of \$446 million in federal incentive payments will be available for FY2005 and \$458 million will be available in FY2006. By FY2010, the amount of incentive funding available is expected to reach \$505 million.

According to the Government Accountability Office (GAO), the federal share of net child support expenditures in FY2004 was \$2.9 billion (88 percent of total expenditures) versus a state share of \$0.4 billion (12 percent). In several states, the federal share of expenditures is more than 90 percent while the state share is less than 10 percent.

### **Explanation of Provisions**

- Improves and expands child support enforcement collection mechanisms.
- Provides financial incentives to states that send more child support collected on behalf of families on welfare to the families themselves (rather than retain funds as reimbursement for welfare costs). Also gives states financing incentives to send to former welfare families more of the child support payments collected on their behalf.
- Eliminates federal matching of state expenditure of federal child support incentive payments, thus ending “double dipping,” effective in FY2008, saving \$1.6 billion over five years.

### **Budget Effect (\$s are Congressional Budget Office estimates)**

- Maintains strong federal role in financing child support program, including by providing over the next five years: (1) \$18.5 billion federal funding for administrative expenditures, and (2) \$2.4 billion federal funding for incentive payments to states.
- Allows for continued increase in child support collections: \$27.8 billion expected to be collected in FY2010, up from \$23.8 billion in FY2006.